

Message Text

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ACTION NEA-13

INFO OCT-01 EUR-25 ISO-00 PM-07 NSC-10 SPC-03 SS-20 RSC-01

L-03 CIAE-00 INR-10 NSAE-00 MC-02 IGA-02 AID-20

ACDA-19 TRSE-00 OMB-01 DRC-01 DODE-00 EB-11 /149 W

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P R 290932Z JAN 74

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC PRIORITY 3105

INFO AMEMBASSY KABUL

AMEMBASSY MOSCOW

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

CINCPAC

C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 1023

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: MASS, IN, PK

SUBJ: ARMS POLICY

1. HERewith AIDE MEMOIRE TO AZIZ AHMED REFERRED TO
IN ISLAMABAD 1021:

BEGIN TEXT: THE FOLLOWING MAY HELP TO CLARIFY THE
MATTERS RAISED BY THE MINISTER OF STATE FOR DEFENSE AND
FOREIGN AFFAIRS, MR. AZIZ AHMED, AT HIS MEETING WITH
AMBASSADOR BYROADE ON JANUARY 14, 1974. AT THAT MEETING
THE MINISTER DISCUSSED THE SUPPLY OF MILITARY RADAR
COMMUNICATIONS EQUIPMENT TO INDIA (THE SO-CALLED "PEACE
INDIGO" PROJECT) AS SEEN FROM THE VIEWPOINT OF THE
GOVERNMENT OF PAKISTAN. THE MINISTER REQUESTED ON AN
URGENT BASIS THAT THE UNITED STATES GOVERNMENT SUPPLY
TO PAKISTAN A VARIETY OF MILITARY RADAR AND COMMUNICATIONS
EQUIPMENT EQUIVALENT TO THAT PROCURED BY INDIA IN THE
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UNITED STATES UNDER THE "STARTSAPPHIRE" AND "PEACE INDIGO"

PROJECTS.

THE GOVERNMENT OF PAKISTAN IS FAMILIAR WITH THE POLICY ADOPTED BY THE UNITED STATES IN 1967 WITH REGARD TO THE SUPPLY OF MILITARY EQUIPMENT TO PAKISTAN AND INDIA. UNDER THIS POLICY, THE UNITED STATES GOVERNMENT PERMITTED THE PROCUREMENT IN THE UNITED STATES OF NON-LETHAL MILITARY EQUIPMENT AND OF SPARE PARTS FOR PREVIOUSLY-SUPPLIED LETHAL EQUIPMENT. THE DEFINITION OF "LETHAL" AND "NON-LETHAL" WAS OF NECESSITY AN ARBITRARY ONE IN CERTAIN RESPECTS, BUT ITS MAIN OUTLINES WERE QUITE CLEAR: FOR EXAMPLE, SUCH ITEMS AS ARTILLERY, TANKS, ARMORED PERSONNEL CARRIERS AND COMBAT AIRCRAFT WERE CONSIDERED LETHAL EQUIPMENT; COMMUNICATIONS AND RADAR EQUIPMENT, TRUCKS AND CARGO AIRCRAFT WERE CONSIDERED NON-LETHAL.

UNDER THIS POLICY, THE GOVERNMENTS OF PAKISTAN AND INDIA ENTERED INTO A NUMBER OF CONTRACTS WITH AMERICAN SUPPLIERS OF MILITARY EQUIPMENT. AMONG THEM WAS THE "PEACE INDIGO" PROJECT, UNDER WHICH THE GOVERNMENT OF INDIA IN 1968 ORDERED FROM VARIOUS AMERICAN SUPPLIERS COMMUNICATIONS EQUIPMENT COSTING APPROXIMATELY \$19 MILLION TO LINK SIX PREVIOUSLY-SUPPLIED MILITARY RADAR INSTALLATIONS. THE ROLE OF THE UNITED STATES GOVERNMENT IN THIS TRANSACTION WAS LIMITED TO THE PROVISION OF \$17 MILLION IN FMS CREDITS AND THE LICENSING OF THE EQUIPMENT FOR EXPORT. RADAR COMMUNICATIONS EQUIPMENT BEING CLEARLY NON-LETHAL IN NATURE, THERE WAS NO QUESTION BUT THAT THIS TRANSACTION WAS WHOLLY CONSISTENT WITH EXISTING UNITED STATES POLICY.

IN 1970, AT THE REQUEST OF PAKISTAN, THE UNITED STATES AGREED TO A ONE-TIME EXCEPTION TO ITS MILITARY SUPPLY POLICY BY AGREEING TO THE PURCHASE BY PAKISTAN OF VARIOUS ITEMS OF LETHAL MILITARY EQUIPMENT. INCLUDED AMONG THEM WERE 300 ARMORED PERSONNEL CARRIERS, FOR WHICH PAKISTAN MADE AN INITIAL PAYMENT OF \$2 MILLION.

AMERICAN SUPPLIERS FOR BOTH THE "PEACE INDIGO" PROJECT AND THE ARMORED PERSONNEL CARRIERS DESTINED FOR PAKISTAN
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WERE IN THE PROCESS OF FILLING THESE ORDERS WHEN THE UNITED STATES IMPOSED A TOTAL EMBARGO IN 1971 ON THE PROVISION OF MILITARY EQUIPMENT TO BOTH COUNTRIES. DELIVERY OF EQUIPMENT ON BOTH ORDERS, ACCORDINGLY, WAS SUSPENDED AND EQUIPMENT ALREADY PRODUCED WAS PLACED IN STORAGE.

IN MARCH 1973, THE UNITED STATES LIFTED ITS TOTAL

EMBARGO ON MILITARY SUPPLY TO PAKISTAN AND INDIA AND RESUMED A POLICY OF PERMITTING THE PROCUREMENT IN THE UNITED STATES ON A CASH BASIS OF NON-LETHAL MILITARY EQUIPMENT AND OF SPARE PARTS FOR LETHAL EQUIPMENT PREVIOUSLY SUPPLIED. UNDER THIS NEW POLICY, THE GOVERNMENT OF PAKISTAN HAS ORDERED FROM THE UNITED STATES MILITARY EQUIPMENT AND SPARE PARTS WITH A TOTAL VALUE, TO DATE, OF APPROXIMATELY \$18 MILLION.

AT THE TIME THE NEW POLICY WAS ANNOUNCED, THE UNITED STATES GOVERNMENT MADE KNOWN ITS INTENTION TO UNDERTAKE A "CLEANUP" OF PAST COMMITMENTS IN THE MILITARY-SUPPLY FIELD BY AUTHORIZING THE COMPLETION OF PRIOR AGREEMENTS CONCLUDED WITH THE GOVERNMENTS OF PAKISTAN AND INDIA. AS INDICATED, THESE AGREEMENTS CONSISTED OF THE "PEACE INDIGO" PROJECT FOR INDIA AND THE ARMORED PERSONNEL CARRIERS FOR PAKISTAN. NO EFFORT WAS MADE AT THE TIME TO CONCEAL THIS DECISION BY THE UNITED STATES GOVERNMENT. TO THE CONTRARY, THE OFFICIAL SPOKESMAN OF THE DEPARTMENT OF STATE, IN ANNOUNCING ON MARCH 14, 1973 THE REVISED MILITARY SUPPLY POLICY TOWARD PAKISTAN AND INDIA STATED PUBLICLY TO THE PRESS THAT "THERE WAS ONE OUTSTANDING COMMITMENT TO INDIA WHICH MAY NOW GO FORWARD, WHICH HAD TO DO WITH A COMMUNICATIONS SYSTEM FOR A RADAR SYSTEM WHICH WE HAD SUPPLIED SOME TIME AGO TO THE INDIANS."

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INFO AMEMBASSY KABUL

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C O N F I D E N T I A L SECTION 2 OF 2 ISLAMABAD 1023

AS REGARDS THE "PEACE INDIGO" PROJECT, THERE WAS A DELAY OF SOME MONTHS IN ITS RESUPMTION WHILE THE GOVERNMENT OF INDIA RENEGOTIATED THE SALES CONTRACT WITH MANUFACTURERS. DURING THIS SAME PERIOD, INDIA RENEGOTIATED THE REPAYMENT SCHEDULE WITH THE UNITED STATES GOVERNMENT TO TAKE ACCOUNT OF THE 1971-73 DELAY IN CARRYING OUT THE PROJECT. IT WAS THIS LATTER RENEGOTIATION THAT APPARENTLY ACCOUNTED FOR THE RECENT ROUND OF PUBLICITY GIVEN THE "PEACE INDIGO" PROJECT. IT SHOULD BE NOTED THAT, ONCE AGAIN THE PARTICIPATION OF THE UNITED STATES GOVERNMENT IS LIMITED SOLELY TO THE PROVISION OF FMS CREDITS AGREED TO IN 1968.

AS THE GOVERNMENT OF PAKISTAN IS AWARE, THE OTHER TRANSACTION INVOLVED IN THE SO-CALLED "CLEANUP" POLICY, I.E. THE SUPPLY OF 300 ARMORED PERSONNEL CARRIERS TO PAKISTAN, WAS UNDERTAKEN SHORTLY AFTER THE MARCH 1973 DECISION AND IS CURRENTLY IN THE PROCESS OF BEING FULFILLED.

TO ADDRESS THE SPECIFIC REQUEST OF THE GOVERNMENT OF PAKISTAN FOR THE SUPPLY OF MILITARY RADAR AND COMMUNICATIONS
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EQUIPMENT, THE PRESENT POLICY OF THE UNITED STATES GOVERNMENT WOULD, IN PRINCIPLE, PERMIT THE SUPPLY TO PAKISTAN OF ALL OF THE ITEMS LISTED AT THE CONCLUSION OF THE AIDE MEMOIRE GIVEN AMBASSADOR BYROADE BY THE MINISTER OF STATE ON JANUARY 14, ALTHOUGH DETAILED INFORMATION WITH REGARD TO SPECIFICATIONS AND APPLICATION OF EQUIPMENT WOULD BE REQUIRED PRIOR TO THE ISSUANCE OF EXPORT LICENSES. THE GOVERNMENT OF PAKISTAN IS THUS FREE TO CONTACT AMERICAN MANUFACTURERS WITH A VIEW TO PROCURING THIS EQUIPMENT.

THE PRESENT MILITARY POLICY OF THE UNITED STATES, HOWEVER, PRECLUDES EITHER GRANT MILITARY AID OR THE PROVISION OF NEW FMS CREDITS FOR MILITARY EQUIPMENT PROCURED BY EITHER PAKISTAN OR INDIA. ANY PURCHASE BY PAKISTAN OF MILITARY RADAR AND COMMUNICATIONS EQUIPMENT THIS WOULD HAVE TO BE ON A CASH BASIS.

IT SHOULD BE NOTED THAT THE SAME CONDITIONS WOULD APPLY TO ANY PURCHASE OF MILITARY EQUIPMENT BY THE GOVERNMENT OF INDIA. END TEXT.
BYROADE

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